

Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 SAJ-01 OMB-01 NIC-01 ACDA-19 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 IO-14 TRSE-00 EB-11

FRB-02 COME-00 INT-08 SCEM-02 SCI-06 FPC-01 CIEP-02

CEA-02 DRC-01 /174 W
----- 037737

R 051129Z DEC 73

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 6865

INFO AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BELGRADE

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

USMISSION BERRLIN

USMISSION USNATO

USMISSION EC BRUSSELS

AMCONSUL POZNAN BY POUCH

C O N F I D E N T I A L WARSAW 6196

EO 11652 GDS

TAGS: PFOR, EFIN, GW, PL

SUBJ: FRG-POLISH RELATIONS: OLSZOWSKI VISIT TO BONN

REF: WARSAW 5546; BONN 15575

1. SUMMARY. AT OUTSET OF POLISH FOREIGN MINISTER
OLSZOWSKI'S VISIT TO BONN, WHICH BEGINS DECEMBER 5, IT
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APPEARS FROM OUR RECENT CONVERSATIONS WITH FRG EMBASSY

THAT FRG MAY NOW BE SOMEWHAT MORE FLEXIBLE ON ISSUE OF MAJOR CREDIT FOR POLAND, PARTICULARLY IF PARTIAL REPAYMENT COULD BE MADE IN FORM OF ENERGY DELIVERIES. ON EMIGRATION OF GERMAN NATIONALS FROM POLAND, THE TWO SIDES STILL APPEAR FAR APART ALTHOUGH DIFFERENCES MAY HAVE NARROWED SLIGHTLY ON THE NUMBERS INVOLVED. ON OTHER ASPECTS OF FRG-POLISH ECONOMIC RELATIONS, ECONOMICS MINISTER FRIDERICH'S WILL VISIT WARSAW DURING WEEK OF DECEMBER 10 TO DISCUSS ECONOMIC COOPERATION, BUNDESBANK PRESIDENT MAY ALSO VISIT POLAND WITHIN NEXT FEW WEEKS, AND NEGOTIATIONS ON LONG-TERM ECONOMIC AND INDUSTRIAL COOPERATION AGREEMENT ARE EXPECTED TO BE CONCLUDED SUCCESSFULLY IN JANUARY. END SUMMARY

2. ACCORDING TO FRG EMBASSY, FORNMIN OLSZOWSKI'S DELEGATION WILL BE DIVIDED INTO THREE EXPERT GROUPS FOR THE MAIN AREAS OF NEGOTIATION. THESE ARE: (A) REPATRIATION OF ETHNIC GERMANS, WITH GOP EXPERTS LED BY DEPPORNMIN CZYREK; (B) ECONOMIC PROBLEMS, LED BY DEPT CHAIRMAN OF PLANNING COMMISSION KISIEL; AND (C) PENSIONS AND TRANSFERS OF OTHER GOVERNMENT PAYMENTS, LED BY SOKORAK. FRG EMBASSY OFFICIALS TOLD US THEY BELIEVE PROBLEMS WHICH STILL REMAIN ARE TOO COMPLEX TO BE RESOLVED DURING OLSZOWSKI'S BONN VISIT AND THAT THEREFORE AT LEAST ONE MORE NEGOTIATING ROUND WILL BE REQUIRED BEFORE THEY CAN THINK IN TERMS OF A GIEREK VISIT TO THE FRG.

3. ON ISSUE OF CREDITS FOR POLAND, FRG EMBASSY SOURCES SAY OFFER FORNMIN SCHEEL MADE IN OCTOBER OF DM 1 BILLION GOVERNMENT-TO-GOVERNMENT CREDIT REMAINS FIRM, DESPITE URGING OF POLES THAT IT BE RAISED TO TOTAL OF DM 3 BILLION. HOWEVER, GERMANS INDICATED TO US THEY MIGHT BE ABLE TO SHOW MORE FLEXIBILITY ON INTEREST RATE, WHICH ORIGINALLY WAS OFFERED AT 4 TO 5 PERCENT, AND WHICH NOW MIGHT BE REDUCED TO 3 PERCENT. FRG GOVT CREDIT INSURANCE OR GUARANTEE COVERING AN ADDITIONAL DM 7 BILLION IN PRIVATE CREDITS APPARENTLY STILL REMAINS POSSIBILITY AS WELL.

4. FRG ECON COUNSELOR TOLD US THAT SHARPENING OF WORLD ENERGY CRISIS SINCE SCHEEL'S LAST VISIT TO
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WARSAW MIGHT WELL INDUCE GREATER FLEXIBILITY IN FRG POSITION ON CREDITS, PARTICULARLY IF POLISH REPAYMENTS COULD BE MADE IN FORM OF DELIVERIES OF POLISH ELECTRICITY (ON WHICH SOME NEGOTIATIONS HAVE ALREADY TAKEN PLACE) AND OF GAS OR LIQUEFIED FUELS WHICH MIGHT EVENTUALLY BE PRODUCED IN POLAND FROM COAL. COUNSELOR SAID BASIC OBJECTIVE OF POLES IS TO OBTAIN CREDIT FINANCING FOR MAJOR INDUSTRIAL PROJECTS, AND ESPECIALLY FOR THOSE WHICH WOULD INCREASE

POLAND'S HARD-CURRENCY EARNING CAPACITY. HE THOUGHT IT QUITE LIKELY POLES WOULD WANT FRG TO TAKE GOODS PRODUCED BY SUCH PROJECTS TO HELP PAY OFF THE NEW CREDITS.

5. ON REPATRIATION ISSUE, TWO SIDES STILL SEEM FAR APART ON THE NUMBERS. FRG EMBASSY OFFICIALS TELL US THEY ARE STILL TALKING IN TERMS OF 270,000 ETHNIC GERMANS WHO WISH REPATRIATION, WHEREAS POLES HAVE ADMITTED THERE MAY BE BETWEEN 100-200,000 ETHNIC GERMANS WHO WANT TO LEAVE POLAND. HOWEVER, NO INDICATION HAS YET BEEN GIVEN AS TO HOW MANY GOP WOULD PERMIT TO LEAVE. POLES REPORTEDLY HAVE INSISTED THAT MANY ETHNIC GERMANS WISH TO BE REPATRIATED ONLY BECAUSE OF DESIRE TO RECEIVE FRG GOVERNMENT PENSIONS. FRG POSITION IS THAT SUCH PERSONS CONSTITUTE VERY SMALL PERCENTAGE OF TOTAL AND THAT IN ANY CASE FRG IS WILLING TO PAY SUCH PENSIONS TO PERSONS REMAINING IN POLAND.

6. FRG ECONOMIC COUNSELOR ALSO SAID THAT ECONOMICS MINISTER FRIDERICH'S IS SCHEDULED TO VISIT WARSAW NEXT WEEK FOR TALKS ON ECONOMIC COOPERATION. ALTHOUGH COUNSELOR DID NOT CHOOSE TO ELABORATE ON WHAT MIGHT BE DISCUSSED, HE DID SAY SUCH TALKS COULD BECOME INTERWOVEN WITH MATTERS UNDER NEGOTIATION BETWEEN FRG AND POLISH FORNMIN. IN RESPONSE TO OUR QUERIES, COUNSELOR SAID NOVEMBER 25-26 VISIT HERE BY FRG INDUSTRIALIST OTTO WOLF VON AMERONGEN WAS FORERUNNER TO ECONOMICS MINISTER'S DISCUSSIONS OF MAJOR PROJECTS. (OTTO WOLF, WHO WE UNDERSTAND HEADS WEST GERMAN'S POWERFUL ASSOCIATION OF CHAMBERS OF INDUSTRY AND COMMERCE, AND ALSO THE EAST-WEST TRADE-PROMOTING ORGANIZATION "OST-AUSSCHUSS", WAS REPORTED BY POLISH PRESS TO HAVE HAD MEETING HERE NOVEMBER 26 WITH PRIMIN JAROSZEWICZ WHICH WAS ALSO ATTENDED BY AN EXTRAORDINARY GROUPING OF CONFIDENTIAL

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POLISH ECONOMIC LEADERS INCLUDING VICE PREMIER OLSZEWSKI, FOREIGN TRADE MINISTER OLECHOWSKI, AND DEPUTY CHAIRMAN OF PLANNING COMMISSION KISIEL.)

7. EMBASSY ALSO INFORMED THAT MIXED SESSION OF WEST GERMAN AND POLISH CHAMBERS OF FOREIGN TRADE WILL CONVENE NEXT WEEK IN WARSAW TO DISCUSS COOPERATION IN THIRD COUNTRIES, AND THAT PRESIDENT OF BUNDESBANK HAS BEEN INVITED TO VISIT WARSAW BY POLISH NATIONAL BANK PRESIDENT. ACCORDING TO POLISH BANKING SOURCES, VISIT EXPECTED TO OCCUR BEFORE DECEMBER HOLIDAYS.

8. FRG ECONOMIC COUNSELOR REPORTED THAT NEGOTIATIONS ON TEN-YEAR AGREEMENT ON ECONOMIC AND INDUSTRIAL COOPERATION (BONN 14115 - NOTAL) WILL RESUME IN JANUARY IN BONN.

ALTHOUGH SECOND ROUND, WHICH WAS HELD JUST AFTER SCHEEL
VISIT HERE IN OCTOBER, DID NOT PRODUCE RESULTS,
HE SAID FRG EXPECTS NEGOTIATIONS WILL BE CONCLUDED IN
JANUARY AND AGREEMENT INITIALLED AT THAT TIME.
DAVIES

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